



MINUTES

Legislative Commission on Affordable Health Care Plans for Small Businesses and Families

October 10, 2007

Special Meeting

MEMBERS PRESENT:

Senator Jack Hatch, Co-chairperson
Senator Joe Bolkcom (ICN Iowa City)
Senator Amanda Ragan (ICN Mason City)
Mr. Mark Smith
Dr. David Carlyle
Ms. Amy DeBruin
Mr. Larry Carl (Alternate)
Ms. Barb Kniff (Conference call)
Mr. Timothy Kresowik (ICN Iowa City)
Ms. Julie Kuhle
Ms. Janice Laue

Representative Ro Foege, Co-chairperson
(ICN Iowa City)
Representative Elesha Gayman (Conference call)
Mr. Joe Teeling
Ms. Sharon Treinen
Mr. Kevin Concannon
Mr. John McCalley
Mr. Tom Newton
Ms. Susan Voss

MEETING IN BRIEF

Organizational staffing provided by:
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- I. Procedural Business
- II. Presentation by Former Governor Branstad
- III. Presentation by Former Governor Vilsack
- IV. Commission Discussion



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I. Procedural Business

A special meeting of the Legislative Commission on Affordable Health Care Plans for Small Businesses and Families held to receive the report of the public hearings from former Governor Terry E. Branstad and former Governor Thomas J. Vilsack was called to order by Co-chairperson Hatch on Wednesday, October 10, 2007, at 2:30 p.m. in Room 19 of the Capitol. Members of the Commission also participated via the Iowa Communications Network (ICN) connections in Mason City and Iowa City and via conference call. Co-chairperson Hatch welcomed former Governors Branstad and Vilsack, the members of the Commission, and the members of the public to the meeting. The meeting adjourned at 3:30 p.m.

II. Presentation by Former Governor Branstad

Former Governor Branstad thanked the co-chairpersons and members of the Commission for their leadership, dedication, and willingness to discuss the issues related to health care. He noted that it was an honor to serve with former Governor Vilsack as a co-host of the Commission's public hearings, and thanked all who came to the public hearings to share their stories and bring awareness to making Iowa a healthier state. As the President of Des Moines University, former Governor Branstad stated that he is particularly interested in health issues and how to best educate future generations of providers, how to study and research health and prevention issues, and how to create effective personal programs and interventions to positively impact health behaviors.

The review of the issues of health plans and health care is a "right now" proposition for many reasons including:

- Iowa Medicaid and the IowaCare Program are the fastest growing areas of the state budget and impact all other spending priorities. Medicaid is also a great place to model best practices and it is vital to the long-term interests of the state to utilize such best practices for better health and to lower costs.
- Health care costs are everyone's issue including individuals, businesses, organized labor, and government. Health care costs include the real costs in lost productivity which also have an economic impact beyond actual cost.
- Iowans are wonderful people and health care in Iowa is good, but the health status of Iowans deserves collective attention. Promoting prevention and improved health status demonstrates responsibility.
- Even though Iowans believe in prevention and wellness, the health infrastructure reimburses health plans and health systems with a focus on sick care. We need to restructure our reimbursement system to reward practitioners for keeping Iowans healthy, not just treating Iowans when they are sick.

Former Governor Branstad noted his confidence that benefits would emerge from the Commission's work for Iowans to consider and the General Assembly to act upon. His confidence is based on his own experience, when Governor, with the Health Care Reform Council established in 1993 as a public/private partnership and charged with reviewing accessibility, affordability, and portability of health care. The council's work increased access, guaranteed portability of insurance

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among employers, and helped to move Iowa toward the lowest percent of uninsured in the nation. His confidence also grows out of his recognition that health care is more than a topical issue. Health care is a "trifecta of values" for Iowa — it affects quality of life, influences pocketbooks, and challenges the capacity for economic development.

Former Governor Branstad noted that during the thoughtful presentations provided at the public hearings, five themes for action captured his interest:

- **Moving Toward Coverage of All Iowans.** Even though Iowa is number one in the nation in lowest number of uninsured, this is not adequate for those who remain uninsured. A thoughtful approach is needed, as other states have used and developed over time, to look at comprehensive plans to provide coverage to those who remain uninsured. It will also require active technical leadership and involvement of the wider community. It may require trade-offs, but coverage for all is a worthy goal. Former Governor Branstad encouraged the Commission to formally set in motion a study plan to design specific options to create a comprehensive plan that fits Iowa and serves all Iowans.
- **Restructure Health Plans.** Iowa has been recognized for providing quality health care. However, there is a profound disconnect between what health care actually is and how health care is defined within health plans and the health care system. Health care is currently defined so that providers are reimbursed for doing and the majority of this relates to sick care. Iowans' health status is not what it could be. According to a 2006 report by the Centers for Disease Control and Prevention, Iowa ranks in the bottom half, based on prevalence, in cardiovascular disease, asthma, diabetes, cancer, obesity and overweight, physical inactivity, and hypertension. Former Governor Branstad urged that all Iowans demand that health plans address options for supporting prevention and wellness.
- **Focus on Chronic Conditions.** The greatest costs in health care relate to chronic disease. This is especially true in Iowa with a larger population of "mature" individuals. Some chronic disease is preventable through changes in lifestyle and behaviors. The progression and migration of chronic disease to acute episodes is also manageable for many. In Iowa, treatment expenditures for chronic disease and loss in productivity (absenteeism and presenteeism) related to chronic disease are costly (\$2.9 billion in 2003 attributable to treatment and \$10.5 billion attributable to loss in productivity). Former Governor Branstad suggested that employers, organized labor, the Iowa Medicaid program, communities, and all interested Iowans embrace an agenda for deploying health status and health risk assessments to educate the state and Iowans about healthy behaviors, managing risks, and the availability of interventions for turning the tide on chronic conditions.
- **Provide Incentives To Do the Right Thing.** Iowans are savvy and want to do the right thing. This includes taking responsibility for their own health, as is demonstrated by a recent survey by the Iowa Rural Health Association. Incentives need to be provided to encourage good health behaviors, especially in prevention and wellness. All involved have a role in this. Health plans need to encourage such behaviors through low or no copays and deductibles and reduced premiums for



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positive health actions and behaviors, employers need to build and create healthy work places and provide incentives for healthy behaviors, organized labor needs to shape effective programs for its members in partnership with employers, Iowa Medicaid needs to be as serious about prevention as managing sick care costs, and communities and affinity groups need to promote active prevention and wellness through promotion of and access to health risk assessments and intervention programs. Former Governor Branstad encouraged the General Assembly to provide coverage through a plan for affordable health care with high amounts of coverage for wellness and prevention because Iowans will respond given the opportunity and the right encouragement.

- **Quality, Patient Safety, and Transparency.** Information about Iowa health care providers' quality and patient safety performance, price, and other information is essential to providing a better health climate for Iowa. Former Governor Branstad encouraged the Commission to actively consider actions taken by neighboring states such as: adopting and having public agencies utilize the "Four Cornerstones of Value-driven Health Care" (interoperable health information, transparency of quality information, transparency of price information, and using incentives to promote high-quality and cost-effective care); promoting the national quality forum safe practices to support patient safety; and promoting transparency such as the voluntary reporting on health care-associated infections led by the Iowa Health Care Collaborative.

Former Governor Branstad stated his desire to continue to work with the Commission to make the vision of Iowa as the healthiest state a reality.

III. Presentation by Former Governor Vilsack

Former Governor Vilsack thanked the General Assembly and the co-chairpersons for the opportunity to participate, former Governor Branstad for his continued commitment to the state and to the issue of health care, the commissioners for their willingness to search for solutions, the staff for their hard work, and most of all the Iowans who participated and shared their powerful stories during the public hearings — the importance of home health care; the difficulties of working full-time or of being divorced, but living without health insurance; empowering consumers through a consumer alliance; and the importance of dental care.

Mr. John Kitzhaber, former Governor of Oregon and a medical doctor, noted that reform comes about when there is a consensus about a vision of what a new health care system would look like, the contradictions and inequities of the current system are exposed, and a tension is created between the status quo and the vision that leads to change. There are moral, economic, and competitiveness reasons to bring about reform.

The Commission's vision is outlined in its guiding principles, developed early in the process. Former Governor Vilsack suggested that the vision should also reflect the following principles:

- **Patient and Consumer Centered.** An example of this is consumer purchasing alliances that put the consumer in control and demand quality. Another is the Leapfrog Group Quality Survey which could be used by the Medicaid program to

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incorporate and support quality. Better information helps consumers make better choices.

- **Focus on Wellness and Prevention.** There are four factors that influence health: genetics, environment, access to care, and health choices and behavior. Four cents of every health care dollar is spent on behaviors and 88 cents is spent on access and care. The Michigan Blue Cross and Blue Shield Plan provides incentives for right health care behaviors. Mr. Dan Winegarden, a former Iowa deputy insurance commissioner, has put forth a plan to establish an insurance pool that provides the insurance industry with economic incentives to encourage prevention and wellness. There must be an aggressive effort to ensure that everyone receives preventative screenings and age-appropriate tests. Currently, 51 percent of adults nationwide do not receive the proper tests. The focus should not be on life expectancy, but on quality life expectancy. There should be insurance incentives and requirements to support prevention and wellness. There is a role for families, schools, and communities in supporting prevention and wellness. Everyone should have a medical and dental home. Currently, 54 percent of children and 31 percent of adults do not have a medical home.
- **Health Care Should be Available to All.** There should be universal coverage. Currently, according to the Institute of Medicine, 18,000 people die annually because they are uninsured. Governor Chet Culver and the General Assembly have made an effort to cover all children in the state. The IowaCare Program has been successful and could be expanded to cover more adults. National policymakers must be encouraged to commit to universal coverage, because while states can act as models, universal coverage will work best if all Americans are covered. States should review what other states have done and learn from the mistakes made and lessons learned.
- **Health Care Should Be Fair to All.** People of color do not receive the same level of care that whites do. Care that you get should be the care you need. One way to address this is by funding neighborhood clinics in minority neighborhoods such as the model provided by Creative Visions. This model provides basic health care services in a comfortable environment. Everyone should have a medical home and this includes a dental home. Dental care could be provided by mobile or roving dental clinics.
- **Health Care Must Be Provided So That It Is the Right Care, at the Right Time, in the Right Place.** The state should provide assistance in creating a seamless medical and insurance recordkeeping system. A Rand Corporation study has demonstrated that such a system could result in \$77 billion in savings. The data collected could then be mined to demonstrate quality of care. The health care system should focus on quality. Reimbursement should no longer be based on fee-for-service, but on pay-for-performance, such as the model provided by Medicare. The Marshfield Clinic in Wisconsin is participating in the Centers for Medicare and Medicaid Services pay-for-performance initiative for physicians at their clinics. The initiative involves 41 clinics with a total of 360,000 patients. The initiative measures 32 performance measures. The participating physician groups may retain a portion



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of any cost savings realized from improved results. Iowa should review the Commonwealth Fund key indicators of health system performance and move toward being "best in class." If Iowa's performance improved to the level of the best performing state for 11 indicators alone, the savings would total \$32 million.

The work of the Commission provides an enormous opportunity and requires a partnership with all aspects of society. This is a special moment in time. The work begun by former Governor Branstad, continued by the Vilsack Administration, and still continuing can be finished by the next General Assembly and Governor Culver. The resources and the will exist.

IV. Commission Discussion

Ms. Laue asked the former governors for their recommendations on attaining a healthy society. Former Governor Branstad responded that some things take longer than others. Covering everyone is a big undertaking that requires trade-offs. There must be a commitment by all to universal coverage. The Governor and the General Assembly can then provide the structure to attain universal coverage. Decisions must be made about how to pay for covering everyone. Improvements in quality can result in some savings to reinvest. There are resources in the current health care system that could be redistributed. There are ways to save in the current, inefficient system, and even though this is difficult it is imperative to do. Very little, 4 percent, of health care funding is spent on prevention, but prevention makes a real difference in the quality of life. Changes must be made in lifestyles, because even if everyone is covered, the current health care system is not affordable. Over the long run there must be a focus on wellness and prevention from prenatal care throughout a person's lifespan. Societal changes will take time. There should be incentives for doing the right thing and potentially penalties for not doing so. The reality is that the majority of Iowans (97 percent of children and 91 percent of adults) are insured, but the remaining few who are uninsured make a difference. The number of uninsured is a moving target, which presents a challenge and is not easy to fix.

Mr. Concannon, Department of Human Services Director, asked what could be done to improve the health care workforce, citing the problems with attracting and retaining health care providers in the state and even at the Mayo Clinic, including psychiatrists. Former Governor Vilsack responded that relative to the challenge with the psychiatric workforce, there needs to be a change at the federal level relating to reimbursements. He suggested that incentives such as state loan repayment and forgiveness programs do provide a stopgap, but in the long term there needs to be a more equitable distribution of providers. Additionally, the system must change to reward quality, and this requires collection of real data so that providers are rewarded based on performance. Massachusetts has a consumer alliance. Participants may choose any provider, but they must pay more in cost-sharing to go to a provider that is ranked lower in quality of care provided. Former Governor Branstad stated that he did not want to appear self-serving as the President of Des Moines University by supporting an increase in reimbursement rates, but agreed that the reimbursement system must be changed. He also noted that there is a cap on residency slots at the federal level that needs to be removed. He agreed that there should be a focus on rewarding quality and transparency. Former Governor Branstad mentioned the Iowa Healthcare Collaborative (IHC) and its president, Dr. Tom Evans, as an initiative working to provide transparency and improve quality. The IHC is a provider-led organization dedicated to promoting

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improvement in quality, patient safety, and value through, and acting as a focal point for, public reporting of accurate and clinically relevant performance data. Former Governor Vilsack added that the wheel does not have to be reinvented to measure quality and provide transparency. He provided the example of Allegheny General in Pittsburgh where they publish infection rates. Because they know that infection rates will be published, they have improved and have saved 47 lives and \$2 million. Now there is a statewide effort in Pennsylvania to reduce infections. The challenge is in determining what will work for Iowa and to tailor a comprehensive plan for Iowa. Former Governor Branstad noted that there are many parties interested in improving the health care system in Iowa. One example is Mr. Tom and Ms. Mary Urban who former Governor Branstad stated have met with him at Des Moines University and are very passionate about health care and health care quality.

Senator Bolkcom asked the former governors to comment on any models using pay-for-performance and on the need to invest in the public health sector because of its role in supporting prevention and wellness. Former Governor Vilsack noted that models of pay-for-performance include the model used by Medicare and the Marshfield Clinics in Wisconsin. With regard to the public health system, former Governor Vilsack stated the public health system can provide a baseline and team with schools and communities in promoting good nutrition, wellness, and exercise. The public health system is vital and has a tremendous mission, but policymakers must provide a very clear direction and more resources since the public health system is responsible for such a broad range of activities from wellness to homeland security. Former Governor Branstad noted that the idea of paying for performance often meets with resistance and is not easy, but there are models at the state and federal levels and Iowa should look to what is working in other states. Regarding the public health system, former Governor Branstad stated that, historically, the public health system has saved more lives than medicine ever has. Provision of services through the public health system, such as free clinics, requires a small investment, but makes a big difference. Former Governor Vilsack reiterated the idea that roving clinics that are equipped for the use of a doctor or dentist should be considered.

Dr. Carlyle asked the former governors to comment on two issues: how to ensure that universal coverage is a shared responsibility and referenced the idea of mandates for particular sectors such as parents and young adults who might not feel it necessary to have coverage; and the issue of underinsurance brought about by cutbacks by insurers. Former Governor Branstad agreed that universal coverage should be a shared responsibility and that employers, organized labor, businesses, government, and individuals all have a role to play. There must be the right balance based on good decisions. There is a clear danger in a one-size-fits-all approach; mandates may work for some, incentives for others. The system must allow for competitiveness and balancing of costs. Former Governor Vilsack agreed that incentives do help people make the right decisions, but differed in his view that in order to ensure that everyone participates in reaching universality and that costs are not shifted, there must be a requirement on the individual to have coverage. Everyone must participate in the system and they must be provided a range of choices. The insurance industry should no longer be rewarded for shifting or avoiding risk and their job should no longer be determining how not to cover an individual. Payment should be based on performance, not on a fee-for-service structure. The job of the insurer should be to pay for health care and to encourage prevention and wellness. Former Governor Branstad stated that larger



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businesses are better equipped to provide health care coverage, and many smaller businesses are not. Whether the tax system or another structure is used, everyone must be in the system.

Ms. Kuhle asked the former governors how to create a sense of urgency to galvanize reform at the state level and not wait for the federal government. Former Governor Branstad commented that in 1993 health care reform was promised at the federal level, but did not occur, and so states must do what is possible at the state level. Iowans are problem solvers and Iowa does have a significant problem. He provided the example of the state's reorganization of government and the threat that if state government was not reorganized, the budget could not be balanced. There must be an appeal to a broad base of interests. He cautioned that the climate is more partisan now than it was in 1993. Former Governor Vilsack agreed and again referenced former Oregon Governor Kitzhaber's process for change. He noted that states applying to the federal government for waivers, such as the one received for the IowaCare Program, is a way to create tension for reform and that every state needs to do its part. He offered the example of federal welfare reform and how the states took the lead in moving the federal government toward that reform. Change occurs in times of crisis and consensus. Currently, the issue of coverage is affecting many Iowans across a broad spectrum and something must be done for the betterment of the entire state. The concept of shared responsibility must be understood and the state cannot wait any longer. There must be compromise, but without change, quality of life will erode. The recent problems with General Motors and others are just an indication of a problem that has not been addressed. Former Governor Vilsack did note that while federal efforts in 1993 did not result in universal health care, they did provide a start in expanding health care coverage for children through SCHIP.

Mr. Teeling asked the former governors to comment on the possibility of incorporating prevention and wellness into the insurance coverage provided for state employees in order to realize cost savings. Former Governor Vilsack noted that there are components of prevention and wellness in the current system. He noted that a format is needed for people to use and that this has been successful in other states.

Co-chairperson Foege thanked the former governors for their incredible investment of time, energy, and interest.

Co-chairperson Hatch summarized the former governors' recommendations as agreeing that universal coverage should be pursued, coverage is a shared responsibility, the health care system status quo is unaffordable and unsustainable, the system needs structural changes, the system should focus on prevention and wellness, and quality must be a component of the system.

Co-chairperson Hatch thanked the former governors and requested that they continue to be available to the Commission if called upon.